

CITY OF MANNING

INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT  
ON APPLYING AGREED-UPON PROCEDURES

FOR THE PERIOD  
JULY 1, 2014 THROUGH JUNE 30, 2015

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## City of Manning

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Harvey Dales	Mayor	January 2018
Sheryl Dammann	Mayor Pro-Tem/Council Member	January 2020
Heath Doyel	Council Member	January 2018
Richard Johnson	Council Member	January 2018
Josh Linde	Council Member	January 2020
Lonny Rowedder	Council Member	January 2018
Dawn Rohe	City Administrator/Clerk	Indefinite
Greg Sexto	Attorney	Indefinite

# MUXFELDT

## ASSOCIATES, CPA, P.C.

Certified Public Accountant

November 19, 2015

**Lonnie G. Muxfeldt**  
Certified Public  
Accountant

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**Licensed In:**

Iowa  
Missouri

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor  
and Members of City Council:

I have performed the procedures enumerated below which were established pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa legislature to provide oversight of certain Iowa cities. Accordingly, I have applied certain tests and procedures to selected accounting records and related information of the City of Manning for the period July 1, 2014 through June 30, 2015. The City of Manning's management, which agreed to the performance of the procedures performed, is responsible for the City's records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures I performed are summarized as follows:

1. I reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. I reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. I reviewed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. I obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.

5. I reviewed City funds for consistency with the City Finance Committee's (CFC) recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.

6. I reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.

7. I reviewed compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.

8. I reviewed debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.

9. I reviewed and tested selected tax increment financing (TIF) transactions, including receipts, disbursements and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.

10. I reviewed the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable, for proper support and compliance with Chapter 403.19(6) of the Code of Iowa

11. I reviewed and tested selected receipts for accurate accounting and consistency with the COA.

12. I reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the COA and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.

13. I reviewed transfers between funds for propriety, proper authorization and accurate accounting.

14. I reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.

15. I reviewed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, I identified various recommendations for the City. My recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

These agreed upon procedures do not constitute an audit of the financial statements or any part thereof, the objective of which is the expression of an opinion on the financial statements or a part thereof. Had I performed additional procedures, or had I performed an audit of the City of Manning, additional matters might have come to my attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Manning and other parties to whom the City of Manning may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the City of Manning during the course of my agreed-upon procedures. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

*Murphy & Associates, CPA, P.C.*

## DETAILED RECOMMENDATIONS

CITY OF MANNING

DETAILED RECOMMENDATIONS

FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2015

- (A) Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Generally, one or two individuals has control over each of the following areas for the City:

- (1) Cash - handling, reconciling and recording.
- (2) Receipts - opening mail, collecting, depositing, journalizing, reconciling and posting.
- (3) Disbursements - purchasing, invoice processing, check writing, mailing, reconciling and recording.
- (4) Payroll - recordkeeping, preparation and distribution.
- (5) Utilities - billing, collecting, depositing and posting.
- (6) Financial reporting - preparing and reconciling.
- (7) Journal entries - preparing and journalizing.
- (8) Computer system - Performing all general accounting functions and controlling all data input and output.

Recommendation - I realize segregation of duties is difficult with a limited number of employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of reconciliations should be evidenced by the signature or initials of the reviewer and the date of the review.

- (B) Financial Condition - The Great Places capital projects fund had a deficit balance of \$960.

Recommendation - The City should investigate alternatives to eliminate this deficit to return the fund to a sound financial position.



CITY OF MANNING

DETAILED RECOMMENDATIONS

FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2015

- (C) Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Sheryl Dammann, Council Member, spouse is owner of Twin Transfer	Hauling Asphalt	\$ 2,800
Jerry Rasmussen, Trustee and Member Manning Municipal Light Plant and Economic Development Agency - owner Rasmussen Lumber Co.	Parts, Repairs, Supplies	\$ 9,379

In accordance with Chapter 362.5(k) of the Code of Iowa, these transactions may represent a conflict of interest since total transactions were more than \$2,500 during the fiscal year and some services were not competitively bid.

Recommendation - The City should consult legal counsel to determine the disposition of this matter.

- (D) Payroll - Timesheets did not include evidence of supervisory review consistently.

Recommendation - All time sheets should be reviewed and approved by supervisory personnel consistently prior to processing payroll.

- (E) Annual Financial Report - The 2015 Annual Financial Report did not accurately report the beginning and ending fund balances of the governmental and the proprietary funds. The Annual Financial Report exceeded the City's financial records by \$2,875.

Recommendation - The City should establish procedures to ensure the AFR, including the beginning and ending fund balances, is accurate and supported.

CITY OF MANNING

DETAILED RECOMMENDATIONS

FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2015

- (F) Disbursements - Credit card charges on the June 2015 statement were not uniformly substantiated by invoices or other supporting documentation. In addition, several disbursements which did not appear to meet the criteria of prepaid approvals as defined by Resolution 2013-4 were dispatched and cleared the bank before Council approval.

Recommendation - The City should review Resolution 2013-4 for appropriateness and review procedures to ensure that disbursements paid before Council approval meet the criteria set forth by City Council. In addition, disbursements should be substantiated by appropriated documentation.

CITY OF MANNING

MANNING, IA 51455

**NEWS RELEASE**

Muxfeldt Associates, CPA, P.C., 2309 B Chatburn Avenue, Harlan, Iowa today released an agreed-upon procedures report on the City of Manning, Iowa for the period July 1, 2014 through June 30, 2015. The agreed-upon procedures engagement was performed pursuant to Chapter 11.6 of the Code of Iowa.

Muxfeldt Associates, CPA, P.C. recommended the City establish segregation of duties over cash, cash receipts, disbursements, payroll, journal entries, computer system and financial reporting. Muxfeldt Associates, CPA, P.C. recommends that the Annual Financial Report filed with the State of Iowa agree with the City's financial records, that disbursements be substantiated and not dispatched before Council approval and that timesheets be signed by supervisors.

A copy of the examination report is available for review in the City Clerk's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.